

Pt. 1135

49 CFR Ch. X (10–1–14 Edition)

will consider entry of a decision awarding damages.

[47 FR 49575, Nov. 1, 1982, as amended at 64 FR 53268, Oct. 1, 1999]

PART 1135—RAILROAD COST RECOVERY PROCEDURES

Sec.

1135.1 Quarterly adjustment.

1135.2 Revenue Shortfall Allocation Method: Annual State tax information.

AUTHORITY: 5 U.S.C. 553, and 49 U.S.C. 721, 10701, 10704, 10708, and 11145.

§ 1135.1 Quarterly adjustment.

To enable the Board to publish the rail cost adjustment factor (RCAF) as required by 49 U.S.C. 10708, the Association of American Railroads (AAR) shall calculate and file with the Board by the fifth day of December, March, June and September of each year its forecast for the next calendar quarter of the all-inclusive index of railroad costs and calculate and file the RCAF unadjusted for changes in railroad productivity as prescribed in *Railroad Cost Recovery Procedures*, 1 I.C.C.2d 207 (1984), and any subsequent amendments thereto. In addition, the AAR shall calculate the productivity-adjusted RCAF as prescribed in *Railroad Cost Recovery Procedures*, 5 I.C.C.2d 434 (1989), and any subsequent amendments thereto. The AAR shall submit workpapers detailing its calculations. The Board will review and verify the AAR submissions and make its RCAF publication by the twentieth day of December, March, June and September of each year.

[67 FR 55166, Aug. 28, 2002]

§ 1135.2 Revenue Shortfall Allocation Method: Annual State tax information.

(a) To enable the Board to calculate the revenue shortfall allocation method (RSAM), which is one of the three benchmarks that are used to determine the reasonableness of a challenged rate under one standard of the Board's *Simplified Standards for Rail Rate Cases*, STB Docket No. 646 (Sub-No. 1) (STB served Sept. 5, 2007), the Association of American Railroads (AAR) shall file with the Board, on or before May 30, the weighted average State tax rates

applicable to each Class I railroad for the previous year. The AAR shall submit workpapers detailing its calculations.

(b) The Board will serve and publish a notice of the filing in the FEDERAL REGISTER within 10 days of the AAR's filing.

(c) Any interested party may file comments on the AAR's filing within 30 days of the notice described in paragraph (b) of this section. If no comments are received within 30 days, the Board will automatically adopt the AAR's weighted average State tax rates on the 31st day. If comments opposing the AAR's calculations are received, the AAR's response will be due within 20 days of the comments. The Board will review the submission and comments and serve a decision within 60 days from the date of the close of the record that either accepts, rejects, or modifies the AAR's railroad-specific tax information.

[75 FR 8818, Feb. 26, 2010]

PART 1139—PROCEDURES IN MOTOR CARRIER REVENUE PROCEEDINGS

Subpart A—Common Carriers of General Commodities

Sec.

1139.1 Application.

1139.2 Traffic study.

1139.3 Cost study.

1139.4 Revenue need.

1139.5 Affiliate data.

1139.6 Official notice.

1139.7 Service.

1139.8 Availability of underlying data.

APPENDIX I TO SUBPART A OF PART 1139—REVENUE NEED AND ALLOCATION TO TRAFFIC AT ISSUE

APPENDIX II TO SUBPART A OF PART 1139—FINANCIAL RATIOS (TRAFFIC AND COST STUDY CARRIER

Subpart B—Intercity Bus Industry

1139.20 Application.

1139.21 Study carriers.

1139.22 Revenue data for study carriers.

1139.23 Revenue need.

1139.24 Official notice.

1139.25 Service.

1139.26 Availability of underlying data.

SCHEDULE A TO SUBPART B OF PART 1139—CLASS I PARTICIPATING CARRIERS' REVENUE DATA

Surface Transportation Board, DOT

§ 1139.2

SCHEDULE B TO SUBPART B OF PART 1139—
STUDY CARRIERS' REVENUE DATA
SCHEDULE C TO SUBPART B OF PART 1139
SCHEDULE D TO SUBPART B OF PART 1139
SCHEDULE E TO SUBPART B OF PART 1139—
STATEMENT OF CHANGES IN FINANCIAL POSITION
SCHEDULE F TO SUBPART B OF PART 1139—AFFILIATE REVENUE DATA FOR SERVICES RENDERED
SCHEDULE G TO SUBPART B OF PART 1139—SELECTED STATISTICAL DATA
APPENDIX I TO SUBPART B OF PART 1139
AUTHORITY: 49 U.S.C. 721, 13703.

Subpart A—Common Carriers of General Commodities

SOURCE: 47 FR 49577, Nov. 1, 1982, unless otherwise noted.

§ 1139.1 Application.

(a) Upon the filing by the tariff publishing agencies named hereinafter on behalf of their motor common carrier members, or by such other agencies as the Board may by order otherwise designate, of agency tariff schedules which contain (1) proposed general increases in rates or charges on general freight where such proposal would result in an increase of \$1 million or more in the annual operating revenues on the tariff affected by the proposal, or (2) a proposed general adjustment with the objective of restructuring the rates on a wide range of traffic, involving both increases and reductions in rates and charges, where such proposal would result in a net increase of \$1 million or more in annual operating revenues, the motor common carriers of general freight on whose behalf such schedules are filed shall, concurrently with the filing of those tariff schedules, file and serve, as provided hereinafter, a verified statement presenting and comprising the entire evidential case which is relied upon to support the proposed general increase or rate restructuring. Carriers thus required to submit their evidence when they file their schedules are hereby notified that special permission to file those schedules shall be conditioned upon the publishing of an effective date at least 45 days later than the date of filing, to enable proper evaluation of the evidence presented. Data to be submitted in accordance with §§ 1139.2 through 1139.5 of this part

represent the minimum data required to be filed and served, and in no way shall be considered as limiting the type of evidence that may be presented at the time of filing of the schedules. If a formal proceeding is instituted, the carriers are not precluded from updating the evidence submitted at the time of filing of the schedules to reflect the contemporary situation.

(b) The motor common carriers of general freight which are subject to the provisions of this section are those which are members of the following tariff publishing agencies:

Central and Southern Motor Freight Tariff Association, Inc.
Central States Motor Freight Bureau, Inc.
The Eastern Central Motor Carriers Association, Inc.
Middle Atlantic Conference
Middlewest Motor Freight Bureau
The New England Motor Rate Bureau, Inc.
Pacific Inland Tariff Bureau, Inc.
Rocky Mountain Motor Tariff Bureau, Inc.
Southern Motor Carriers Rate Conference

(c) Upon the filing of tariff schedules other than those described hereinabove, the carriers or their tariff publishing agencies shall be required to comply with such procedures as the Board may direct in the event an investigation is instituted. In any proceeding involving a proposed rate restructuring which would produce additional net revenue of less than \$1 million the carriers will be required to submit only the data sought in §§ 1139.2 and 1139.3. Nothing stated in this part shall relieve the carriers of their burden of proof imposed under the Interstate Commerce Act.

§ 1139.2 Traffic study.

(a) The respondents shall submit a traffic study for the most current 12-month calendar year available, which shall be referred to as the "base-calendar year—actual." This year shall be the calendar year that has ended at least 7 months prior to the published effective date of the tariff schedules. If the effective date is less than 7 months following the end of the preceding calendar year, than the second preceding calendar year shall be considered at the "base-calendar year—actual." The

study shall include a probability sampling of the actual traffic handled during identical time periods for each study carrier.

(b) The study carriers shall consist of those carriers subject to the requirements for allocation of expenses between line-haul and pickup and delivery services, as provided in Part 1207 of this chapter, Instructions 27 and 9002, which participate in one of the motor carrier industry's Continuous Traffic Studies, and which derive either \$1 million or more in annual operating revenues from this issue traffic or 1 percent or more of the total annual operating revenues of all carriers from the issue traffic. A list of such carriers and the appropriate revenue data shall be submitted to corroborate the selection of the study carriers. "Issue traffic" consists of those shipments on which the freight rates or charges would be affected by the rate proposal.

(c) Respondents shall take a sample of the traffic handled by the study carriers according to acceptable standards of probability sampling principles and practices, and shall explain and evaluate the probability sample from the standpoint of: Purpose, sample design (including explanation of estimation procedure and disclosure of sampling errors for derived characteristics), quality control aspects involved in processing and tabulating data and any statistical analysis performed on the sampled data.⁴

(d) For cost and revenue purposes, the "carried" tariff basis shall be used. "Carried" tariff means the issue traffic handled solely by the study carriers, either single-line or interline. Estimates of current revenues applicable to the issue traffic should reflect all rates and charges in effect no later than 45 days prior to the date of tariff filing.

§ 1139.3 Cost study.

(a) The respondents shall submit a cost study. Highway Form B may be used for this purpose. Service unit-costs shall be developed for each indi-

vidual study carrier, adjusted by size of shipment and length of haul, and shall be applied to respective individual carrier's traffic service units as developed from its traffic study. Operating ratios shall be determined for the issue traffic handled by the study carriers on the "carried" basis by individual weight brackets included within the rate proposal, for: (1) The traffic study year, that is, the "base-calendar year—actual," as hereinbefore defined, (2) a "present proforma year" reflecting conditions prevailing on a date no later than 45 days prior to the date of the tariff filing, and (3) a "restated proforma year" based on conditions anticipated on the effective date of the proposed rates, with a separation indicating projected operating ratios on two bases, namely, "based on current revenues," and "based on proposed revenues". Operating ratios shall also be shown for all other traffic not affected by the rate proposal for the same weight brackets as shown for the issue traffic, but only for the period indicated in paragraph (a)(1) of this section.

(b) In addition to the operating ratios, the cost study shall also be used to develop and provide the revenue-to-cost comparisons required in Appendix I hereto for the same time periods indicated for the operating ratios plus a "restated proforma year" based on constructed revenue need.

(c) For both the operating ratios and the revenue-to-cost comparisons in Appendix I, the "each-to-each" costing method, i.e., the application of each individual study carrier's unit-cost to its traffic service units, applies only to the "base calendar year—actual." The application of possible labor and nonlabor cost increases for the purpose of updating the "base calendar year—actual" cost data may be accomplished by the use of either individual carrier data for each of the study carriers, or the composite carrier data for those study carriers whose revenue from the issue traffic amount to 50 percent or more of their total system revenues for the "base calendar year—actual." The sample values for expenses and revenues shall be expanded to full year values without adjustments to known annual report figures of any carrier.

⁴Although not adopted by the Board, attention is called to a staff report, "Guidelines for the Presentation of the Results of Sample Studies," February 1, 1971, available from the Superintendent of Documents.

(d) Where cost studies are developed through the use of computer processing techniques, there shall be submitted a manual application of the costing procedures used for one traffic and cost study carrier (study carrier) in order to demonstrate the procedures by which the computer program distributes the annual report statistics, and applies service unit-costs to each shipment. An illustration of the application of service unit-costs to the applicable traffic service units generated by one single-line sample shipment and by one inter-line sample shipment shall also be submitted. These sample shipments shall be on the "Carried" basis.

§ 1139.4 Revenue need.

Traffic and cost study carrier, i.e., the study carriers, shall submit evidence of the sum of money, in addition to operating expenses, including that needed to attract debt and equity capital, which they require to insure financial stability and the capacity to render service. This evidence shall include data required by Appendix I, parts I and II, and Appendix II.

§ 1139.5 Affiliate data.

Each individual traffic and cost study carrier having transactions with affiliates, subject to the reporting requirements of schedules 9009-A and 9009-B in the annual report for class I motor carriers, shall submit appropriate data and analyses reflecting the effect on the parent carrier's profits of transactions with affiliates. Such data and analyses shall be adequately supported, and there shall be submitted such underlying data as will permit a reconciliation of these data to the data supplied in the appropriate schedules of each carrier's annual report.

[47 FR 49577, Nov. 1, 1982; 47 FR 54082, Dec. 1, 1982]

§ 1139.6 Official notice.

The Board will take official notice of all of the proponent carriers' annual and quarterly reports on file with the Board.

§ 1139.7 Service.

The detailed information called for herein shall be in writing and shall be verified by a person or persons having knowledge thereof. The original and 10 copies of each verified statement for the use of the Board shall be filed with the Chief, Section of Administration, Office of Proceedings, Surface Transportation Board, Washington, DC 20423-0001. A copy of each statement shall be mailed by first-class mail to each party of record in the last formal proceeding concerning a general rate increase in the affected area or territory. However, one copy of each statement shall be sent by express mail to any person undertaking to bear the cost. Written request for this expedited service must be made no less than 5 days before the statement is due to be filed with the Board. Otherwise, the service requirements of 49 CFR 1104.12 should be observed. Information with respect to carrier affiliates may be served on the parties in summary form, if so desired. A copy of each statement shall be furnished to any interested person on request.

[74 FR 52908, Oct. 15, 2009]

§ 1139.8 Availability of underlying data.

All underlying data used in preparation of the material outlined above shall be made available in the office of the party serving such verified matter during usual office hours for inspection by any party of record desiring to do so, and shall be made available to the Board upon request therefor. The underlying data shall be made available also at the hearing, but only if and to the extent specifically requested in writing and required by any party for the purpose of cross-examination. Since appendix I data are to be submitted on a combined carrier basis, any underlying individual carrier data used to complete appendix I should be furnished to the Board for its use as well as for the use of parties opposing the sought increases.

APPENDIX I TO SUBPART A OF PART 1139—REVENUE NEED AND ALLOCATION TO
TRAFFIC AT ISSUE[Cost allocation—see part II, line 13, ☐ Method A, ☐ Method B; check one; provide both]

Line No.	Item	Source ¹	Base calendar year—actual ²	Present proforma year ³	Restated proforma year ⁴		
					Based on current revenues	Based on proposed revenues	Based on constructed revenue need ⁵
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Part I. Revenue Need							
1	Operating revenue	A.R. Sch. 2998, L. 3 ...	\$	\$	\$	\$	\$
2	Operating expenses	A.R. Sch. 2998, L. 10.					
3	Lease of distinct operating unit (net)	A.R. Sch. 2998, Net of Ls. 12 and 13.					
4	Miscellaneous deductions less other income	A.R. Sch. 2998 (L. 27 minus L. 20).					
5	Interest included in miscellaneous deductions.	A.R. Sch. 2998, L. 23.					
6	Income taxes on ordinary income ⁶	A.R. Sch. 2998, L. 29.					
7	Extraordinary and prior period items	A.R. Sch. 2998, L. 34.					
8	Net income or loss ⁷	A.R. Sch. 2998, L. 35.					
9	Sum of money above operating expenses ..	Sum of Ls. 4, 6 and 8.					
10	Percent owned and leased property to net tangible property (3 decimals).	A.R. Sch. 100, Col. (c) (L. 21+L. 23)÷L. 26.	%	%	%	%	%
11	Sum of money related to transportation	(L. 9×—% in L. 10) plus L. 3.					
12	System revenue need items and projected revenue need.	L. 2 plus L. 11.					
Part II. Allocation to Traffic at Issue							
13	Constant costs and sum of money allocated to issue traffic.	See Method A (<input type="checkbox"/>) and Method B (<input type="checkbox"/>), check one; provide both.					
14	Variable expenses from traffic at issue (90% variable excluding return on investment) ⁸ .	From traffic and cost study.					
15	Operating revenues from traffic at issue ⁸ ...	From traffic study.					
16	Constant costs and sum of money allocated to issue traffic plus variable expenses.	L. 13 plus L. 14	\$	\$	\$	\$	\$
17	Revenue to cost comparison (1 decimal)	L. 15÷L. 16	%	%	%	%	%

See Methods A and B and footnotes on following pages.

METHOD A—CONSTANT COSTS AND SUM OF MONEY ALLOCATED TO ISSUE TRAFFIC BASED ON TON
AND TON-MILE METHOD (SEE NOTE A)

Line No.	Item	Source for columns 3 and 4	Base calendar year—actual	Present proforma year	Restated proforma year		
					Based on current revenues	Based on proposed revenues	Based on constructed revenue need
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a)	System constant costs	L. (b)+L. (c)	\$	\$	\$	\$	\$
(b)	Not related to distance	(See Note B).					
(c)	Related to distance	(See Note B)	\$	\$	\$	\$	\$
(d)	Percent not related to distance (3 decimals).	L. (b)÷L. (a)	%	%	%	%	%
(e)	Percent related to distance (3 decimals) ...	L. (c)÷L. (a)	%	%	%	%	%
(f)	System sum of money	Appendix I, part I, L. 11.	\$	\$	\$	\$	\$
(g)	Not related to distance	L. (f)×L. (d).					
(h)	Related to distance	L. (f)×L. (e).					
(i)	Total system constant costs plus sum of money.	L. (a)+L. (f).					
(j)	Not related to distance	L. (b)+L. (g).	\$	\$	\$	\$	\$
(k)	Related to distance	L. (c)+L. (h)	\$	\$	\$	\$	\$

Surface Transportation Board, DOT

Pt. 1139, Subpt. A, App. I

METHOD A—CONSTANT COSTS AND SUM OF MONEY ALLOCATED TO ISSUE TRAFFIC BASED ON TON AND TON-MILE METHOD (SEE NOTE A)—Continued

Line No.	Item	Source for columns 3 and 4	Base calendar year—actual	Present proforma year	Restated proforma year		
					Based on current revenues	Based on proposed revenues	Based on constructed revenue need
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(l)	Tons carried on issue and nonissue traffic combined.	From traffic study (see Note C).					
(m)	Ton-miles .....	.....do.					
(n)	Issue traffic tons carried .....	.....do.					
(o)	Issue traffic ton-miles .....	.....do.					
(p)	Percent of issue traffic tons to system tons (3 decimals).	L. (n)÷L. (l)	%	%	%	%	%
(q)	Percent of issue traffic ton-miles to system ton-miles (3 decimals).	L. (o)÷L. (m)	%	%	%	%	%
Constant Costs and Sum of Money Allocated To Issue Traffic							
(r)	Not related to distance	L. (p)×L. (j)	\$	\$	\$	\$	\$
(s)	Related to distance	L. (q)×L. (k).					
(t)	Total (enter amount in Appendix I, part II, line 13).	L. (r)+L. (s)	\$	\$	\$	\$	\$

NOTE A: This procedure allocates constant costs and the sum of money based on the ton and ton-mile method and should be submitted for the information of the Board. How much of the constant and sum of money costs may or should be recovered by any specific segment of traffic rests on (1) considerations including value of service, demand, and ability to pay, and (2) considerations which involve matters relating to regulatory policy.

NOTE B: Separate the amount of constant costs, including unrelated, by using Statement No. 6–68, Highway Form B, Schedule A, Line III. Assign the dollars in columns (6), (7), (8), and (9) times 10 percent to line (b), and the dollars in columns (4) and (5) times 10 percent to line (c).

NOTE C: Show tons and ton-miles on issue and nonissue traffic based on an expansion of the sample to a full year.

METHOD B—CONSTANT COSTS AND SUM OF MONEY ALLOCATED TO ISSUE TRAFFIC BASED ON DOLLAR (EXPENSE) METHOD (SEE NOTE A)

Line No.	Item	Source for columns 3 and 4	Base calendar year—actual	Present proforma year	Restated proforma year		
					Based on current revenues	Based on proposed revenues	Based on constructed revenue need
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a)	System constant cost (excluding	Note B	\$	\$	\$	\$	\$
(b)	System sum of money	Appendix I, part I, line II.					
(c)	Total system constant costs plus sum of money.	Line (a) plus line (b).					
(d)	Variable expenses on issue traffic	From traffic and cost study; Note C-.					
(e)	Variable expenses on issue and nonissue traffic combined.	From traffic and cost study; Note D-.					
(f)	Percent relationship (3 decimals)	Line (d) ÷ line (e)	%	%	%	%	%
(g)	Constant costs and sum of money allocated to issue traffic (enter amount in Appendix I, part II, line 13).	Line (c) × line (f)	\$	\$	\$	\$	\$

NOTE A: This procedure allocates constant costs and the sum of money based on the dollar (expense) method and should be submitted for the information of the Board. How much of the constant and sum of money costs may or should be recovered by any specific segment of traffic rests on (1) considerations including value of service, demand, and ability to pay, and (2) consideration which involve matters relating to regulatory policy.

NOTE B: Determine the amount of constant costs, including unrelated, by using Statement No. 6–68, Highway Form B, Schedule A, Line 111, column (3) multiplied by 10 percent; insert this amount on line (a).

NOTE C: Determine the amount of variable costs, including unrelated, by using Statement No. 6–68, Highway Form B, Schedule A, line 111, column (3) multiplied by 90 percent to obtain the variable portion.

NOTE D: Show variable expenses allocated to the issue traffic based on an expansion of a sample to a full year.

FOOTNOTES TO APPENDIX I:

Explanatory: The Purpose of Appendix I is twofold, namely: (1) to obtain, through part 1, *Revenue Need*, an indication of the past actual, present, and restated system revenue needs of the traffic and cost study carriers, which, along with the financial data required in appendix B, will facilitate an analysis of the financial stability of these carriers, and (2) to allocate a part of these system revenue needs to the traffic at issue as provided for in part II, line 13. It is that portion of constant and sum of money costs resulting from this allocation plus the related variable expenses (line 14) which produces the total costs assigned to the issue traffic (line 16) which is then compared to the issue traffic revenues in the revenue-to-cost comparison shown on line 17. This comparison provides some indication of how much the total issue traffic is contributing to the carriers' overall revenue needs; and serves as a reference point for the consideration of ratemaking factors, other than costs, which may influence the appropriateness of the issue traffic's contribution.

Appendix I data should be completed and submitted for all traffic and cost study carriers combined. However, data for the "base calendar year—actual," column (3), should be developed and completed for each traffic and cost study carrier and the results combined for all such carriers. The data in part I, columns (4) through (7), which reflect an updating of revenue need data for the "base calendar year—actual" to present and restated levels, should be developed on either an individual carrier basis, or on a composite carrier basis comprised of all traffic and cost study carriers. Data in part II, line 14 columns (4) through (7), which reflect an updating of the cost and traffic study data for the "base calendar year—actual" to present and restated levels, should be developed by the use of either individual carrier data for each of the study carriers, or the composite carrier data for those study carriers whose revenues from the issue traffic amount to 50 percent or more of their total system revenues for the "base calendar year—actual." However, for line 14, the method selected should be the same as that used to update the operating ratios to present and restated levels as required in .3 *Cost study*. As indicated above, appendix I data should be completed and submitted only for all traffic and cost study carriers combined. Since appendix I are to be submitted on a combined carrier basis, any underlying individual carrier data used to complete this appendix should be furnished to the Board for its use as well as for the use of parties opposing the sought increases. Data in columns (4) through (7) must be appropriately explained and supported. Each of the dollar figures called for in these columns shall be accompanied by an explanation of the bases or methods of restatement, including explicit identification of all projected or assumed changes in revenues, in wage rates, in price levels of other expenses and property items, and in productivity, as compared with the preceding (actual) year results. Note that the time periods referred to in appendix I, that is, "Base calendar year—actual," "Present proforma year" and "Restated proforma year" are the same time periods indicated in § 1139.3, *Cost study*.

¹ Sources in this column apply to column (3) "Base calendar year—actual." Data for columns (4) through (7) should rely on column (3) as a base in order to reflect data for the "Present proforma year" and the "Restated proforma year." Annual report sources apply to class I motor carriers for class II carriers use comparable sources.

² The data in column (3) should reflect the revenue need data (part 1), and the traffic and cost study data (part II), for the traffic study year. That is, the "Base calendar year—actual," which should coincide with the "Base calendar year—actual" referred to in the *Cost study* (§ 1139.3). Parts I and II should be completed for each individual study carrier—the purpose being to allocate a portion of each carrier's system revenue need to the traffic at issue as provided for in part II. The results for all study carriers should then be aggregated and submitted on a combined carrier basis.

³ The data in column (4) should be based on present wage, price and productivity levels and reflect conditions prevailing on a date no later than the 45 days prior to the date of the tariff filing.

⁴ The data in columns (5), (6), and (7) should be based on wage, price, and productivity levels anticipated on the effective date of the proposed rates.

⁵ The purpose of this column is to obtain data on what system revenue needs of the study carriers *should* be at a giving time. Part I should consider the sum of money in addition to operating expenses (including that needed to attract debt and equity capital) which the carriers feel they require to insure financial stability and the capacity to render service.

⁶ In columns (4) through (7), show income taxes based on estimated taxable income reduced by the taxes applicable to other income such as, for example, capital gains transactions.

⁷ In columns (4) through (7), determine the net income based on data shown for lines 1 through 7. In column (7), the estimate of the net income needed should be supported by evidence that it is a just and reasonable amount.

⁸ Show expenses and revenues allocated to the total issue traffic based on an expansion of the sample to a full year. The amount shown on line 14 for variable expenses should agree with that shown in Method B, line (d).

[47 FR 49579, Nov. 1, 1982; 47 FR 54081, Dec. 1, 1982]

APPENDIX II TO SUBPART A OF PART 1139—FINANCIAL RATIOS (TRAFFIC AND COST STUDY CARRIER _____)

[Complete appendix II for each traffic and cost study carrier and for all such carriers combined]

Line No.	Item	Source ¹	Third preceding calendar year (actual)	Second preceding calendar year (actual)	First preceding calendar year (actual or estimated)
	(1)	(2)	(3)	(4)	(5)
1	Current assets ²	A.R. Sch. 100, L. 18	\$	\$	\$
2	Net carrier operating property (owned) ²	A.R. Sch. 100, L. 21.			
3	Net carrier operating property (owned plus leased to others) ²	A.R. Sch. 100, L. 21+L. 23.			
4	Net tangible property ²	A.R. Sch. 100, L. 26.			
5	Intangibles ²	A.R. Sch. 100, L. 32.			
6	Current liabilities ²	A.R. Sch. 101, L. 13.			
7	Long-term debt ²	A.R. Sch. 101, L. 15+L. 25.			
8	Shareholders' equity ²	A.R. Sch. 101, L. 55.			
9	Operating revenues	A.R. Sch. 2998, L. 3.			
10	Depreciation plus or minus depreciation adjustment	A.R. Sch. 2998, L. 6+ or - L. 7.			
11	Operating expenses	A.R. Sch. 2998, L. 10.			
12	Net carrier operating income	A.R. Sch. 2998, L. 14.			
13	Ordinary income before income taxes	A.R. Sch. 2998, L. 28.			
14	Net income or loss	A.R. Sch. 2998, L. 35.			
15	Net income or loss plus or minus depreciation ³	L. 10 Plus L. 14	\$	\$	\$
16	Percent owned and leased property to net tangible property (3 decimals).	L. 3+L. 4	%	%	%

Surface Transportation Board, DOT

§ 1139.20

[Complete appendix II for each traffic and cost study carrier and for all such carriers combined]

Line No.	Item	Source ¹	Third preceding calendar year (actual)	Second preceding calendar year (actual)	First preceding calendar year (actual or estimated)
	(1)	(2)	(3)	(4)	(5)
17	Investment in owned and leased property plus working capital ⁴.	.....	\$	\$	\$
18	Shareholders' equity less intangibles	L. 8 - L. 5	\$	\$	\$
19	Long-term debt plus shareholders' equity less intangibles.	L. 7+L. 18	\$	\$	\$
20	Operating ratio (2 decimals)	L. 11+L. 9	%	%	%
21	Current ratio (2 decimals)	L. 1+L. 6.			
22	Ratio net income or loss to operating revenue (2 decimals).	L. 14+L. 9	%	%	%
23	Rate of return on owned and leased operating property plus working capital (2 decimals).	L. 12+L. 17	%	%	%
24	Rate of return on shareholders' equity less intangibles (2 decimals).	L. 14+L. 18	%	%	%
25	Capital structure ratio (2 decimals)	L. 7+L. 19	%	%	%
26	Throwoff to debt ratio (2 decimals)	L. 15+L. 7	%	%	%
27	Ratio long-term debt to shareholders' equity less intangibles (2 decimals).	L. 7+L. 18	%	%	%

¹ Annual report sources refer to 1970 Motor Carrier Annual Report Form A for Class I Motor Carriers of Property. For class II carriers use the comparable sources. For years prior to 1970 use the comparable annual report sources.

² Show average of beginning and end of year figures.

³ If carrier shows a net income, the amount shown for depreciation should be added to it; if a net loss, then the net loss and the amount for depreciation should be netted and the appropriate figure shown.

⁴ Multiply the percent on line 16 by the difference between line 1 and line 6. Add the resulting amount to line 3.

[47 FR 49580, Nov. 1, 1982; 47 FR 54081, Dec. 1, 1982]

Subpart B—Intercity Bus Industry

SOURCE: 42 FR 32541, June 27, 1977, unless otherwise noted. Redesignated at 47 FR 49571, Nov. 1, 1982.

§ 1139.20 Application.

(a) Upon the filing by the National Bus Traffic Association, Inc., (NBTA) on behalf of its carrier members, or by such other agencies as the Board may by order otherwise designate, of agency tariff schedules which contain proposed general increases in fares or charges where such proposal would result in an increase of \$1 million or more in the annual operating revenues on the traffic affected by the proposal, the motor common carriers of passengers on whose behalf such schedules are filed shall, concurrently with the filing of those schedules, file and serve, as provided hereinafter, a verified statement presenting and comprising the entire evidential case which is relied upon to support the proposed general increase. Carriers thus required to submit their evidence when they file their schedules are hereby notified that special permission to file those schedules shall be

conditioned upon the publishing of an effective date at least 30 days later than the date of filing, to enable proper evaluation of the evidence presented. Data to be submitted in accordance with §§1139.21 through 1139.23 represent the minimum data required to be filed and served, and in no way shall be considered as limiting the type of evidence that may be presented at the time of filing of the schedules. If a formal proceeding is instituted, the carriers are not precluded from updating the evidence submitted at the time of filing of the schedules to reflect the current situation.

(b) When filing tariff schedules other than those described hereinabove, the carriers or their tariff publishing agencies shall be required to comply with such procedures as the Board may direct in the event an investigation is instituted. Nothing stated in this part shall relieve the carriers of their burden of proof imposed under the Interstate Commerce Act.

[42 FR 40860, Aug. 12, 1977. Redesignated at 47 FR 49577, Nov. 1, 1982, and amended at 51 FR 6238, Feb. 21, 1986]

§ 1139.21

49 CFR Ch. X (10–1–14 Edition)

§ 1139.21 Study carriers.

(a) For the purposes of this proceeding the “study carriers” shall consist of those Class I motor common carriers of passengers which are members of NBTA and which, during the latest calendar year available preceding the filing date of the proposed increase in fares and/or charges, derived \$500,000 or more in annual operating revenues from the issue traffic, or 1 percent or more of the total annual operating revenues received by all Class I carriers from the issue traffic. Issue traffic is defined as that traffic (services) directly affected by the proposed increases in fares and/or charges.

(b) To corroborate the selection of the above study carriers, and to provide a data base for a continuing evaluation of the validity and usefulness of those carriers as a study group, respondents shall submit, as a part of their verified statement (justification), a list of all Class I motor common carriers of passengers participating in the issue traffic (services). For the above specified calendar year, the dollar amounts of total system operating revenues for each such carrier shall be arrayed in descending order; and, there shall be shown the amount of annual operating revenues received by each carrier from the total traffic at issue. Also, to be shown is the percent that each such carrier's total issue traffic revenue is to its total system revenues, and the percent that each carrier's total issue traffic revenue is to the total issue traffic revenues for all Class I carriers indicated in the above list. This list of carriers and the carrier's applicable revenues shall be referred to as Schedule A, Class I Participating Carriers' Revenue Data.

[42 FR 40860, Aug. 12, 1977. Redesignated at 47 FR 49577, Nov. 1, 1982]

§ 1139.22 Revenue data for study carriers.

The study carriers, as identified above, shall submit the revenue data called for in Schedule B herein, the purpose of which is to determine the amount of increased revenues which might be expected under the proposed increase in fares and/or charges on the issue traffic, and to evaluate the rev-

enue aspects of the non-issue traffic, including that traffic subject to Surface Transportation Board rate regulation but not here at issue, and that traffic which is intrastate in character and under the jurisdiction of state public commissions.

[42 FR 40860, Aug. 12, 1977, as amended at 42 FR 56333, Oct. 25, 1977. Redesignated at 47 FR 49577, Nov. 1, 1982; 64 FR 53268, Oct. 1, 1999]

§ 1139.23 Revenue need.

The “study carriers” shall submit evidence of the sum of money, in addition to operating expenses, including that needed to attract debt and equity capital, which they require to insure financial stability and the capability to render service. This evidence shall include data required by Schedules C through G.

§ 1139.24 Official notice.

The Board will take official notice of all of the proponent carriers' annual and quarterly reports on file with the Board.

§ 1139.25 Service.

The detailed information called for herein shall be in writing and shall be verified by a person or persons having knowledge thereof. The original and 16 copies of each verified statement for the use of the Board shall be filed with the Chief, Section of Administration, Office of Proceedings, Surface Transportation Board, Washington, DC 20423–0001. One copy of each statement shall be sent first-class mail to each of the regional offices of the Board in the area affected by the proposed increase, where it will be open to public inspection. A copy of each statement shall be mailed by first-class mail to each party of record in the last formal proceeding concerning a general increase in bus passenger fares in the affected area or territory. Otherwise, the service requirements of § 1130.1 shall be observed.

[74 FR 52908, Oct. 15, 2009]

§ 1139.26 Availability of underlying data.

All underlying data used in preparation of the material outlined above shall be made available in the office of the party serving such verified matter

Surface Transportation Board, DOT

Pt. 1139, Subpt. B, Sch. A

during usual office hours for inspection by any party of record desiring to do so, and shall be made available to the Board upon request therefor. The underlying data shall be made available

also at the hearing, but only if, and to the extent, specifically requested in writing and required by any party for the purpose of cross-examination.

**SCHEDULE A TO SUBPART B OF PART 1139—CLASS I PARTICIPATING CARRIERS’
REVENUE DATA**
[Dollars in thousands]

Line No. and carrier annual report No. (a)	Carrier (b)	Study code (c)	Total system operating revenue (d)	Total issue traffic revenue (e)	Percent of carrier's issue traffic revenue to—	
					Total system revenues, col. (e)+col. (d) (2 Dec.) (f)	Total issue traffic revenues (percent dist. of col. (e) (2 Dec.) (g)
1
2
3
4
5
6
7
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

EXPLANATORY—SCHEDULE A

Purpose. The purpose of Schedule A is to corroborate the selection of the “study carriers”, as defined in §1139.21 of the prescribed procedures, and to provide a data base for the continuing evaluation of the validity and usefulness of the “study carrier” group.

Calendar Year. For the purpose of this schedule use the latest calendar year available preceding the filing date of the proposed increased fares and/or charges.

Column (a). The annual report number is that number assigned to the carrier by the Surface Transportation Board for identification purposes.

Column (b). List Class I carrier members of national Bus Traffic Association and other

interested Class I carriers participating in the tariffs of NBTA which will be affected by the proposal, in descending order of total system operating revenues.

Column (c). Use the following code for this column. For study carriers (as defined in §1139.21) insert “S”. For non-study carriers insert “NS”.

Column (d). Use amount shown in carrier's Annual Report, Schedule 2998, Line 9.

Column (e). Issue traffic is defined as that traffic (services) directly affected by the proposed increase in fares and/or charges.

Columns (f) and (g). These columns are self-explanatory and are obtained by calculations using columns (d) and (e).

Pt. 1139, Subpt. B, Sch. B

49 CFR Ch. X (10–1–14 Edition)

SCHEDULE B TO SUBPART B OF PART 1139—STUDY CARRIERS' REVENUE DATA
[Dollars in thousands]

Line No. and study carrier (a)	Total operating revenue (b)	Issue traffic (services) revenue		Total issue traffic revenue (d)	Total nonissue traffic revenue (e)	Miscellaneous station and other operating revenues (f)
		(C–1)	(C–2)			
Base year actual: 4-quarter period ending						
1
2
3
4
5
6
7
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
Total, all study carriers.						
Pro forma year based on proposed revenues						
1
2
3
4
5
6
7
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
Total, all study carriers.						
Pro forma year based on current revenues						
1
2
3
4
5
6
7
9
10
11

Surface Transportation Board, DOT

Pt. 1139, Subpt. B, Sch. B

[Dollars in thousands]

Line No. and study carrier (a)	Total operating revenue (b)	Issue traffic (services) revenue		Total issue traffic revenue (d)	Total nonissue traffic revenue (e)	Miscellaneous station and other operating revenues (f)
		(C-1)	(C-2)			
12
13
14
15
16
17
18
19
20
21
22
23
24
25
Total, all study carriers.						

EXPLANATORY—SCHEDULE B

Purpose. The purpose of this schedule is to obtain—for each study carrier and by totals for all study carriers—(1) total operating revenue, (2) revenues attributable to the various types of traffic at issue, (3) revenue attributable to the total non-issue traffic, and (4) miscellaneous station and other operating revenues. These data shall be provided for the specified study periods, namely: Base year actual, pro forma year based on current revenues, and pro forma year based on proposed revenues.

The pro forma year based on proposed revenues for the traffic at issue will be compared to the issue traffic revenues for the pro forma year based on current revenues and for the base year actual to determine the amount of the proposed revenue increase being sought over these two periods. In addition, the revenue data for the total issue traffic (column (d)), will be used in Schedule C, Part III as a basis for allocating increased costs, i.e., the increased operating expenses and the increased “sum of money” costs.

Base Year Actual. Data to be reported in this and other schedules herein for the base year actual shall be based on the 4-quarter calendar year periods identified below:

FILING MONTH OF VERIFIED STATEMENT

January	Sept. 30, preceding year.
February	Do.
March	Do.
April	Dec. 31, preceding year.
May	Do.
June	Do.
July	Mar. 31, filing-month year.
August	Do.
September	Do.
October	June 30, filing-month year.
November	Do.
December	June 30, filing-month year.

The 4-quarter calendar year periods identified above represent the minimum require-

ment. However, in event a proposed fare/charge increase is filed at a time when data for a more current quarter than that specified are obtainable then that more current quarter may be used in the base year actual. For example, if an increase is filed in late March and data for the 4th quarter of the preceding year are obtainable, then the base year actual ending December 31 may be used in lieu of the base year actual ending September 30.

Pro forma year data. Revenue data for the pro forma year shall be reported in two ways, namely: Based on current revenues and based on proposed revenues. Separate schedules are required for each pro forma year. These data do not represent a forecast but reflect the results of 12 months of operation at particular rate levels. Thus, data for the pro forma year based on current revenues should be based on a restatement of the revenue data for the base year actual to reflect fares and/or charges which are currently in effect. Similarly data for the pro forma year based on proposed revenues should reflect a restatement of the base year actual data but at levels reflecting the proposed fares and/or charges.

Column (a). Insert in this column the company name of each “study carrier” as defined in §1139.21 of the prescribed procedures.

Column (b). Use carrier’s Annual Report, Schedule 2998, Line 9. The dollar amount in this column, for each study carrier, should equal the total of columns (d), (e), and (f).

Columns (c-1), (c-2), etc. As defined in §1139.21, “issue traffic” means that traffic (service) affected by the proposed increase in fares and/or charges, and is limited to the fares and/or charges published in schedules and tariffs filed with the Surface Transportation Board. For the purpose of the proposed increases filed under the prescribed procedures of this proceeding, column (c)

should be subdivided into columns (c-1), (c-2), etc. to show separately the revenue for each type of traffic in issue and each column should be appropriately headed. For instance, a proposal to increase passenger fares and express rates would call for Intercity Passenger Revenue in column (c-1), and Express Revenue in column (c-2). If a third basic service is included in the proposed increase, column (c-3) should show revenue from that traffic with an appropriate identification in this column heading.

Column (d). The total issue traffic revenues in this column should equal the sum of columns (c-1), (c-2), etc.

Column (e). The revenues to be reported in this column shall consist of those revenues other than “total issue traffic revenue” (Column (d)), and “miscellaneous station and other operating revenues” (Column (f)). Thus, “non-issue traffic revenue” means those revenues accruing from providing the types of services indicated in columns (c-1), etc., but which may be “intrastate” in nature, are “exempt” as provided under 49 U.S.C. 10721, 10722, 10723 and 10724, or which are otherwise not at issue in a proposed fare and/or charge increase. Such non-issue traffic may also include a commuter or mass transportation service, which is the transportation of passengers generally performed within a city or town and the suburban areas contiguous thereto. However, in some instances this service may also be intercity in

character where the cities involved are within relatively short distances of each other and the primary purpose is the mass transportation of commuter passengers to and from these cities.

Column (f). For the purpose of this schedule the revenues to be reported in this column shall consist of those in Account 3600, Miscellaneous Station Revenue, and in Account 3900, Other Operating Revenue. (See 49 CFR Part 1206.)

Presentation of statement on revenue sample studies. Historically, in order to separate interstate from intrastate revenues, it has not been necessary for annual report purposes for each carrier to conduct studies of its traffic operations, whether based upon sampling or otherwise, however, many of the Class I carriers make such studies for managerial purposes. In order to permit the evaluation of such studies, and the evidence derived therefrom, each study carrier, as defined in section 1139.21, shall submit an affidavit explaining how its study was conducted and how it appraises the reliability of the results. Carriers having studies based upon sampling should conform with the staff report entitled “Guidelines for the Presentation of the Results of Sample Studies,” February 1, 1971.

[42 FR 32541, June 27, 1977. Redesignated and amended at 47 FR 49577, Nov. 1, 1982; 64 FR 53268, Oct. 1, 1999]

SCHEDULE C TO SUBPART B OF PART 1139

Attachment 1

SCHEDULE C

PART I—CONDENSED INCOME STATEMENT

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and Item (a)	Source A.R. schedule 250(b)	Base year- actual (c)	Pro forma year				
			Current revenue and projected expense (d)	Proposed revenue and projected expense (e)	Proposed revenue and future expense (f)	Constructed revenue need projected expense (g)	Constructed revenue need future expense (h)
1. Passenger revenue.	L. 1 .....	.....	.....	.....	.....	.....	.....
2. Special bus revenue.	L. 2 .....	.....	.....	.....	.....	.....	.....
3. Baggage revenue.	L. 3 .....	.....	.....	.....	.....	.....	.....
4. Mail revenue ...	L. 4 .....	.....	.....	.....	.....	.....	.....
5. Express revenue.	L. 5 .....	.....	.....	.....	.....	.....	.....
6. Newspaper revenue.	L. 6 .....	.....	.....	.....	.....	.....	.....
7. Miscellaneous station revenue.	L. 7 .....	.....	.....	.....	.....	.....	.....
8. Other operating revenue.	L. 8 .....	.....	.....	.....	.....	.....	.....
9. Total revenues	L. 12 .....	.....	.....	.....	.....	.....	.....
10. Total expenses.	L. 18 .....	.....	.....	.....	.....	.....	.....

Attachment 1—Continued

SCHEDULE C

PART I—CONDENSED INCOME STATEMENT

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and Item (a)	Source A.R. schedule 250(b)	Base year- actual (c)	Pro forma year				
			Current revenue and projected expense (d)	Proposed revenue and projected expense (e)	Proposed revenue and future expense (f)	Constructed revenue need projected expense (g)	Constructed revenue need future expense (h)
11. Net operating revenue.	L. 19 .....	.....	.....	.....	.....	.....	.....
12. Rent for lease of carrier property-debt.	L. 20 .....	.....	.....	.....	.....	.....	.....
13. Income from lease of carrier property-credit.	L. 21 .....	.....	.....	.....	.....	.....	.....
14. Net carrier operating income.	L. 22 .....	.....	.....	.....	.....	.....	.....
15. Total other income.	L. 33 .....	.....	.....	.....	.....	.....	.....
16. Gross income	L. 34 .....	.....	.....	.....	.....	.....	.....
17. Interest and amortization of debt discount expenses and premium.	Sums of lines 35, 38, and 39..	.....	.....	.....	.....	.....	.....
18. Total income deductions.	L. 42 .....	.....	.....	.....	.....	.....	.....
19. Income (loss) from continuing operations before income taxes.	L. 43 .....	.....	.....	.....	.....	.....	.....
20. Income taxes on income from continuing operations.	L. 44 .....	.....	.....	.....	.....	.....	.....
21. Provision for deferred taxes.	L. 45 .....	.....	.....	.....	.....	.....	.....
22. Income (loss) from continuing operations.	L. 46 .....	.....	.....	.....	.....	.....	.....
23. Total income (loss) from discontinued operations.	L. 49 .....	.....	.....	.....	.....	.....	.....
24. Total extraordinary items and accounting changes (debit) credit.	L. 56 .....	.....	.....	.....	.....	.....	.....
25. Net income (loss) transferred to retained income-unappropriated.	L. 57 .....	.....	.....	.....	.....	.....	.....

PART II—SYSTEM OPERATING EXPENSES AND SUM OF MONEY ASSIGNED TO TRANSPORTATION SERVICE

[Dollars in thousands]

Line No. and Item (a)	Source (b)	Base year-actual (c)	Pro-forma year				
			Current revenue and projected expense (d)	Proposed revenue and projected expense (e)	Proposed revenue and future expense (f)	Constructed revenue need projected expense (g)	Constructed revenue need future expense (h)
1. Operating expenses "Sum of money" items.	Pt. I, L. 10 ....	.....	.....	.....	.....	.....	.....
2. Rent for, and from, lease of carrier property (net).	Pt. I, net of ls. 12 and 13.	.....	.....	.....	.....	.....	.....
3. Interest and amortization of debt discount and expense and premium on debt.	Pt. I, L. 17 ....	.....	.....	.....	.....	.....	.....
4. Percent of carrier operating property to total tangible property.	A. R. Sch. 200 col. (b) (ls. 19 and 21)÷(L. 26) (2 dec.).	.....	.....	.....	.....	.....	.....
5. Interest and related expenses assigned to transportation service.	L. 3xL. 4, above.	.....	.....	.....	.....	.....	.....
6. Taxable income assigned to transportation service.	(Pt. I, L. 14) minus (pt. II, L. 5).	.....	.....	.....	.....	.....	.....
7. Taxable income from continuing operations.	Pt. I, L. 19 ....	.....	.....	.....	.....	.....	.....
8. Percent of taxable income assigned to transportation service to taxable income from continuing operations.	L. 6÷ L. 7, above (2 dec.).	.....	.....	.....	.....	.....	.....
9. Total income taxes.	Pt. I, L. 20 ....	.....	.....	.....	.....	.....	.....
10. Income taxes assigned to transportation service.	L. 8xL. 9, above.	.....	.....	.....	.....	.....	.....
11. Income (loss) assigned to transportation service.	L. 6 minus L. 10 above.	.....	.....	.....	.....	.....	.....
12. Total "sum of money" items assigned to transportation service.	Ls. 2, 5, 10 and 11.	.....	.....	.....	.....	.....	.....
13. Operating expenses and "sum of money" assigned to transportation service.	Ls. 1 and 12, above.	.....	.....	.....	.....	.....	.....

Surface Transportation Board, DOT

Pt. 1139, Subpt. B, Sch. C

PART II—SYSTEM OPERATING EXPENSES AND SUM OF MONEY ASSIGNED TO TRANSPORTATION SERVICE—Continued
[Dollars in thousands]

Line No. and Item (a)	Source (b)	Base year-actual (c)	Pro-forma year				
			Current revenue and projected expense (d)	Proposed revenue and projected expense (e)	Proposed revenue and future expense (f)	Constructed revenue need projected expense (g)	Constructed revenue need future expense (h)
14. Ratio of income (loss) assigned to transportation to income (loss) from continuing operations (1 det.).	Pt. II, L. 11+ Pt. I, L. 22.	.....	.....	.....	.....	.....	.....

PART III—ALLOCATION OF INCREASED SYSTEM OPERATING EXPENSES AND SUM OF MONEY TO TRAFFIC AT ISSUE
[Dollars in thousands]

Line No. and Item (a)	Source (b)	Base year-actual (c)	Pro-forma year				
			Current revenue and projected expense (d)	Proposed revenue and projected expense (e)	Proposed revenue and future expense (f)	Constructed revenue need projected expense (g)	Constructed revenue need future expense (h)
A.—Revenue distribution							
1. Revenues applicable to traffic at issue.	From revenue study.	.....	.....	.....	.....	.....	.....
2. System operating revenues, less miscellaneous station revenues (3600) and other operating revenues (2900).	Sch. C, pt. I, L. 9+ Ls. 7 and 8.	.....	.....	.....	.....	.....	.....
3. Percent of total issue traffic revenues to L. 2 revenues.	L. 1+ L. 2 (percent to 2 dec.).	.....	.....	.....	.....	.....	.....

B.—Allocation to traffic at issue

4. Increased system operating expenses.	Pt. II, line 1 ..	.....	.....	.....	.....	.....	.....
5. Increased system "sum of money".	Pt. II, line 12	.....	.....	.....	.....	.....	.....
6. Total increased system operating expenses and "sum of money".	L. 4+ L. 5, above.	.....	.....	.....	.....	.....	.....
7. Allocation of line 6 to traffic at issue.	L. 3xL. 6 above.	.....	.....	.....	.....	.....	.....
8. Increased revenues on traffic at issue.	L. 1, above ..	.....	.....	.....	.....	.....	.....
9. Ratio of increased revenues to increased costs on traffic at issue.	L. 8+ L. 7, above (2 dec.).	.....	.....	.....	.....	.....	.....

Pt. 1139, Subpt. B, Sch. D

49 CFR Ch. X (10–1–14 Edition)

EXPLANATORY—SCHEDULE C (PARTS I, II, AND III)

Columns (d) through (h). These columns shall contain the pro forma year data.

The data reported in column (d) shall be the base year actual (column (c)) restated to reflect conditions (wage, price, and productivity, etc.) prevailing on or near the effective date of the proposed increase. Revenues in column (d) shall be based on fares and charges which are currently in effect.

The data reported in column (e) shall also be the base year actual (column (c)) restated to reflect conditions (wage, price, and productivity, etc.) prevailing on or near the effective date of the proposed increase. Unlike column (d), however, revenues in column (e) shall be based on the proposed fares and charges.

The data reported in column (f) shall also be the base year actual (column (c)) restated to reflect conditions (wage, price, and productivity, etc.) prevailing on or near the effective date of the proposed increase plus al-

lowable foreseeable future costs. Revenues shall be based on the proposed fares and charges.

The data reported in columns (g) and (h) shall be based on what the system revenue needs of the study carriers should be at a given time, including the constructed projected and future operating expenses and the constructed “sum of money” above these expenses. The constructed “sum of money” should be supported by evidence that it is a just and reasonable amount and is that needed to attract debt and equity capital and to insure financial stability and the capacity to render service. Such evidence should include an analysis of the adequacy of the carriers’ earnings, the carriers’ cost of debt and equity capital, the various kinds of risk attending their operations and the financing thereof, and the carriers’ ongoing needs for working capital, new equipment and facilities.

[47 FR 53281, Nov. 24, 1982]

SCHEDULE D TO SUBPART B OF PART 1139

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and Item (a)	Source (b)	Calendar year 19__ (c)	Calendar year 19__ (d)	Base year actual (e)
PART I.—Selected financial data				
Income statement data:				
1 Total revenues	Sch. 2998, L. 9 .....	.....	.....	.....
2 Total expenses	Sch. 2998, L. 15 .....	.....	.....	.....
3 Depreciation expense and amortization of carrier operating property	Sch. 2998, L. 11 + L. 12 .....	.....	.....	.....
4 Lease of carrier property (net)	Sch. 2998, L. 17 + L. 18 .....	.....	.....	.....
5 Net carrier operating income	Sch. 2998, L. 19 .....	.....	.....	.....
6 Equity in earnings (losses) of associated companies	Sch. 2998, L. 29 .....	.....	.....	.....
7 Interest on long-term obligations	Sch. 2998, L. 32 .....	.....	.....	.....
8 Amortization of debt discount and expense and premium on debt (net)	Sch. 2998, L. 35 + L. 36 .....	.....	.....	.....
9 Pretax income (loss)	Sch. 2998, L. 40 .....	.....	.....	.....
10 Tax on income from continuing operations	Sch. 2998, L. 41 .....	.....	.....	.....
11 Provision for deferred taxes	Sch. 2998, L. 42 .....	.....	.....	.....
12 Income (loss) from continuing operations	Sch. 2998, L. 43 .....	.....	.....	.....
13 Total income (loss) from discontinued operations	Sch. 2998, L. 46 .....	.....	.....	.....
14 Total extraordinary items and accounting changes—(debit) credit	Sch. 2998, L. 53 .....	.....	.....	.....
15 Net income (loss)	Sch. 2998, L. 54 .....	.....	.....	.....
Balance sheet data:				
16 Current assets	Sch. 100, L. 17, col. (b) .....	.....	.....	.....
17 Current liabilities	Sch. 101, L. 14, col. (b) .....	.....	.....	.....
18 Current assets ¹	Sch. 100, L. 17 .....	.....	.....	.....
19 Current liabilities ¹	Sch. 101, L. 14 .....	.....	.....	.....
20 Long-term debt due within 1 yr	Sch. 101, L. 15, col. (b) .....	.....	.....	.....
21 Long-term debt due after 1 yr	Sch. 101, L. 24, col. (b) .....	.....	.....	.....
22 Long-term debt due within 1 yr ¹	Sch. 101, L. 15 .....	.....	.....	.....
23 Long-term debt due after 1 yr ¹	Sch. 101, L. 24 .....	.....	.....	.....
24 Owners’ equity	Sch. 101, L. 38 + L. 41 + L. 44—L. 45, col. (b). .....	.....	.....	.....
25 Owners’ equity ¹	Sch. 101, L. 38 + L. 41 + L. 44—L. 45. .....	.....	.....	.....
26 Total intangible property ¹	Sch. 100, L. 31 .....	.....	.....	.....

Surface Transportation Board, DOT

Pt. 1139, Subpt. B, Sch. D

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and Item (a)	Source (b)	Calendar year 19____ (c)	Calendar year 19____ (d)	Base year actual (e)
27 Net carrier operating property (owned plus leased to others) ¹ .	Sch. 100, L. 19 + L. 21 .....	.....	.....	.....
28 Investment in owned and leased property plus working capital.	L. 27 + L. 18—L. 19 .....	.....	.....	.....
Miscellaneous and financial ratios:				
29 Cash dividend appropriations	Sch. 2930, L. 16 .....	.....	.....	.....
30 Operating ratio (percent)	L. 2 ÷ L. 1 .....	.....	.....	.....
31 Current ratio	L. 16 ÷ L. 17 .....	.....	.....	.....
32 Dividend payout ratio (percent)	L. 29 ÷ L. 15 .....	.....	.....	.....
33 Throwoff to debt ratio (percent)	(L. 3 + L. 15) ÷ (L. 20 + L. 21).	.....	.....	.....
34 Capital structure ratio (percent)	(L. 20 + L. 21) ÷ (L. 20 + L. 21 + L. 24).	.....	.....	.....
35 Working capital	L. 18—L. 19 .....	.....	.....	.....
36 Rate of return on owned and leased operating property plus working capital (percent).	L. 5 ÷ L. 28 .....	.....	.....	.....
37 Rate of return on owners' equity, less intangibles (percent).	L. 15 ÷ (L. 25—L. 26) .....	.....	.....	.....
38 Rate of return on total capitalization (percent)	(L. 7 + L. 8 + L. 15) ÷ (L. 22 + L. 23 + L. 25).	.....	.....	.....
PART II. Accounts giving effect to interperiod tax allocation (deferred taxes) and impact of investment tax credit				
Balance sheets accounts:				
1 Deferred income tax charges	Sch. 100, L. 16, col. (b) .....	.....	.....	.....
2 Accumulated deferred income tax charges	Sch. 100, L. 44, col. (b) .....	.....	.....	.....
3 Deferred income tax credits	Sch. 101, L. 13, col. (b) .....	.....	.....	.....
4 Accumulated deferred income tax credits	Sch. 101, L. 27, col. (b) .....	.....	.....	.....
Income statement accounts:				
5 Provision for deferred taxes	Sch. 2998, L. 42 .....	.....	.....	.....
6 Provision for deferred taxes—Extraordinary items.	Sch. 2998, L. 50 .....	.....	.....	.....
7 Impact of investment tax credit on continuing operations.	See explanatory .....	.....	.....	.....

¹ Show average of beginning and end-of-year figures.

EXPLANATORY—SCHEDULE D (PART I)

Purpose. The purpose of Schedule D (Part I) is to ascertain the financial posture of Greyhound Lines, Inc. and all the study carrier carriers by an analysis of certain key financial data, with a view to determining revenue needs.

Study Carrier Groupings. Schedule D (Part I) shall be prepared on the following two bases:

1. Greyhound Lines, Inc.
2. Trailways Combined (study carriers, only)
3. All Study Carriers

Column (b). The annual report sources in this column refer to the 1976 Annual Report Form MP-1. For years prior or subsequent to 1976, use comparable sources.

Column (c). If the fare/charge increase is filed during the first six months of the calendar year, the data reported in column (c) shall be based on the 3rd calendar year preceding the filing year. For example, if the rate increase is filed on May 15, 1977, column (c) shall report data for calendar year 1974.

If the fare/charge increase is filed during the last six months of the calendar year, the

data reported in column (c) shall be based on the 2nd calendar year preceding the filing year. For example, if the rate increase is filed on Nov. 15, 1977, column (c) should report data for calendar year 1975.

Column (d). If the fare/charge increase is filed during the first six months of the calendar year, the data reported in column (d) should be based on the 2nd calendar year preceding the filing year. For example, if the rate increase is filed on May 15, 1977, column (d) should report data for calendar year 1975.

If the rate increase is filed during the last six months of the calendar year, the data reported in column (d) shall be based on the 1st calendar year preceding the filing year. If, for example, the fare/charge increase is filed on November 15, 1977, column (d) should report data for calendar year 1976.

Column (e). Data to be reported in this column for the base year actual shall be based on the 4-quarter calendar year periods identified below:

Filing month of verified statement	Four-quarter calendar year period ending
January	Sept. 30, preceding year.

Pt. 1139, Subpt. B, Sch. E

49 CFR Ch. X (10–1–14 Edition)

Filing month of verified statement	Four-quarter calendar year period ending
February	Do.
March	Do.
April	Dec. 31, preceding year.
May	Do.
June	Do.
July	Mar. 31, filing-month year.
August	Do.
September	Do.
October	June 30, filing-month year.
November	Do.
December	Do.

The 4-quarter calendar year periods identified above represent the minimum requirement. However, in event a proposed fare/charge increase is filed at a time when data for a more current quarter than that specified are obtainable, the more current quarter may be used in the base year-actual. For example, if an increase is filed in late March and data for the 4th quarter of the preceding year is obtainable, the base year-actual ending December 31, may be used in lieu of the base year-actual ending September 30.

EXPLANATORY—SCHEDULE D (PART II)

Purpose. Schedule D (Part II) is designed to segregate the impacts of: (1) The Board's de-

ferred tax accounting rule change; and (2) the impact of the investment tax credit on continuing operations.

Study Carrier Groupings. The study carrier groups for Part II shall be the same as those designated for Part I.

Column (b). The annual report sources in this column refer to the 1976 Annual Report Form MP-1. For years prior or subsequent to 1976, use comparable sources.

Columns (c), (d) and (e). The reporting periods for Part II shall correspond to those in Part I.

Investment Tax Credit Impact. This impact is: (1) The amount by which Account 8000, Income Taxes on Income from Continuing Operations, was credited for the investment tax credit if the flow-through accounting method was elected or (2) the amount by which Account 8040, Provision for Deferred Taxes, was credited for the amortization of the investment tax credit if the deferral accounting method was elected.

[42 FR 32541, June 27, 1977; 42 FR 40861, Aug. 12, 1977. Redesignated at 47 FR 49577, Nov. 1, 1982]

SCHEDULE E TO SUBPART B OF PART 1139—STATEMENT OF CHANGES IN FINANCIAL POSITION

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and item (a)	Source (b)	Calendar year 19__ (c)	Calendar year 19__ (d)	Base year-actual (e)
SOURCES OF WORKING CAPITAL				
Working capital provided by operations:				
1 Net income (loss) before extraordinary items	Sch. 2998, L. 47, col. (b) .....	.....	.....	.....
Add expenses not requiring outlay of working capital (subtract) credits not generating working capital:				
2 Loss (gain) on sale or disposal of tangible property.	Sch. 5091, L. 7, col. (b) .....	.....	.....	.....
3 Add depreciation and amortization expense	Sch. 2998, Ls. 11+12+35+36, col. (b).	.....	.....	.....
4 Net increase (decrease) in deferred income taxes.	Sch. 2998, L. 42, col. (b) .....	.....	.....	.....
5 Net decrease (increase) in parent's share of subsidiary's undistributed income for the year.	Sch. 2998, L. 28 .....	.....	.....	.....
6 Net increase (decrease) in noncurrent portion of estimated liabilities.	Sch. 101, L. 31, cols. (b)-(c) .....	.....	.....	.....
7 Other (specify):				
8 .....	.....	.....	.....	.....
9 .....	.....	.....	.....	.....
10 .....	.....	.....	.....	.....
11 .....	.....	.....	.....	.....
12 .....	.....	.....	.....	.....
13 .....	.....	.....	.....	.....
14 .....	.....	.....	.....	.....
15 .....	.....	.....	.....	.....
16 .....	.....	.....	.....	.....
17 .....	.....	.....	.....	.....
18 Total working capital from operations before extraordinary items.	.....	.....	.....	.....
19 Extraordinary items and accounting changes ..	Sch. 2998, L. 53, col. (b) .....	.....	.....	.....

Surface Transportation Board, DOT

Pt. 1139, Subpt. B, Sch. E

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and item (a)	Source (b)	Calendar year 19____ (c)	Calendar year 19____ (d)	Base year- actual (e)
Add expenses not requiring outlay of working capital (subtract) credits not generating working capital.				
20 Loss (gain) on extraordinary items	Sch. 2998, L. 48, col. (b)			
21 Net increase (decrease) in deferred income taxes.	Sch. 2998, L. 50, col (b)			
22 Cumulative effect of changes in accounting principles.	Sch. 2998, L. 52, col. (b)			
Other (specify):				
23				
24				
25				
26				
27				
28 Total working capital from extraordinary items and accounting changes.				
29 Total working capital from operations (lines 18 and 28).				
Working capital from sources other than operating:				
30 Proceeds from issuance of long-term liabilities				
31 Proceeds from sale/disposition of carrier operating property.	Sch. 1200-A, L. 9			
32 Proceeds from sale/disposition of other tangible property.				
33 Proceeds from sale/repayment of investments advances.	Sch. 1600/1650, ls. 23+47			
34 Net decrease in sinking and other special funds.	Sch. 1700, ls. 15+31+50, cols. (d)-(j).			
35 Proceeds from issue of capital stock	Sch. 2700A/2710A, L. 12, cols. (e)+(f)-(i).			
Other (specify):				
36				
37				
38				
39				
40				
41 Total working capital from sources other than operating.				
42 Total sources of working capital (lines 29 and 41).				
APPLICATION OF WORKING CAPITAL				
43 Amount paid to acquire/retire long-term liabilities.				
44 Cash dividends	Sch. 2930, L. 16			
45 Purchase price of carrier operating property ...	Sch. 1200, L. 11, col. (c)			
46 Purchase price of other tangible property				
47 Purchase price of long-term investments and advances.	Sch. 1600/1650, ls. 23+47, col. (e).			
48 Net increase in sinking or other special funds	Sch. 1700, ls. 15+31+50, cols. (j)-(d).			
49 Purchase price of acquiring treasury stock	Sch. 2700B/2710B, L. 12, col. (c).			
Other (specify):				
50				
51				
52				
53				
54				
55 Total application of working capital				
56 Net increase (decrease) in working capital (line 42 less line 55).				

EXPLANATORY—SCHEDULE E

Purpose. Schedule E is designed to provide the Board with an indication of the carrier's

sources and uses of funds over the recent past.

Study Carrier Groupings. Schedule E shall be prepared on the following two bases:

1. Greyhound Lines, Inc.
2. Trailways Combined (study carriers, only)

3. All Study Carriers

“Funds”. The term “Funds” for the purpose of this schedule shall include all assets or financial resources even though a transaction may not directly affect cash or working capital. For example, the purchase of property in exchange for bonds or shares of stock would be an application of funds for investment in property provided by the issue of securities.

Sources and uses of funds should be individually disclosed. For example, outlays for fixed assets should not be reported net of retirements.

Column (b). The annual report sources in this column refer to the 1976 Annual Report Form MP-1. For years prior or subsequent to 1976, use comparable sources.

Column (c). If the fare/charge increase is filed during the first six months of the calendar year, the data reported in column (c) shall be based on the 3rd calendar year preceding the filing year. For example, if the rate increase is filed on May 15, 1977, column (c) shall report data for calendar year 1974.

If the fare/charge increase is filed during the last six months of the calendar year, the data reported in column (c) shall be based on the 2nd calendar year preceding the filing year. For example, if the rate increase is filed on Nov. 15, 1977, column (c) should report data for calendar year 1975.

Column (d). If the fare/charge increase is filed during the first six months of the calendar year, the data reported in column (d) should be based on the 2nd calendar year preceding the filing year. For example, if the rate increase is filed on May 15, 1977, column (d) should report data for calendar year 1975.

If the rate increase is filed during the last six months of the calendar year, the data reported in column (d) shall be based on the 1st calendar year preceding the filing year. If, for example, the fare/charge increase is filed on November 15, 1977, column (d) should report data for calendar year 1976.

Column (e). Data to be reported in this column for the base year-actual shall be based on the 4-quarter calendar year periods identified below:

Filing month of verified statement	Four-quarter calendar year period ending
January	Sept. 30, preceding year.
February	Do.
March	Do.
April	Dec. 31, preceding year.
May	Do.
June	Do.
July	Mar. 31, filing-month year.
August	Do.
September	Do.
October	June 30, filing-month year.
November	Do.
December	Do.

The 4-quarter calendar year periods identified above represent the minimum requirement. However, in event a proposed fare/charge increase is filed at a time when data for a more current quarter than that specified are obtainable, the more current quarter may be used in the base year-actual. For example, if an increase is filed in late March and data for the 4th quarter of the preceding year is obtainable, the base year-actual ending December 31, may be used in lieu of the base year-actual ending September 30.

[42 FR 32541, June 27, 1977; 42 FR 40861, Aug. 12, 1977. Redesignated at 47 FR 49577, Nov. 1, 1982]

SCHEDULE F TO SUBPART B OF PART 1139—AFFILIATE REVENUE DATA FOR SERVICES RENDERED

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and Item (a)	Calendar year 19__ (b)	Calendar year 19__ (c)	Base year-actual (d)
affiliate revenues for services rendered to respondents			
1 Engineering
2 Management
3 Legal
4 Accounting
5 Financial
6 Furnishing of materials and supplies
7 Leasing of land, structures, and vehicles
8 Purchase of equipment
9 Construction
10 All other services
11 Total affiliate revenues for services rendered to respondent (lines 1 through 10)
12 Total affiliate revenues for services rendered to other than respondents
13 Total affiliate revenues (lines 11 and 12)
14 Total affiliate income from operations before income taxes

Surface Transportation Board, DOT

Pt. 1139, Subpt. B, Sch. G

EXPLANATORY—SCHEDULE F

Purpose. Schedule F is designed to facilitate an assessment of the effect on the carriers' profits of transactions with affiliates.

Affiliate transactions aggregating less than \$30,000 need not be reported in this Schedule.

Study Carrier Groupings. A separate Schedule F shall be prepared for each of the following:

1. Greyhound Lines, Inc.
2. Trailways Combined (study carriers, only)
3. All Study Carriers

Column (b). If the fare/charge increase is filed during the first six months of the calendar year, the data reported in column (b) shall be based on the 3rd calendar year preceding the filing year. If the fare/charge increase is filed during the last six months of the calendar year, the data reported in column (b) shall be based on the 2nd calendar year preceding the filing year.

Column (c). If the fare/charge increase is filed during the first six months of the calendar year, the data reported in column (c) shall be based on the 2nd calendar year preceding the filing year. If the fare/charge increase is filed during the last six months of the calendar year, the data reported in column (c) shall be based on the 1st calendar year preceding the filing year.

Column (d). Data to be reported in this column for the base year-actual shall be based on the 4-quarter calendar year periods identified below:

Filing month of verified statement	Four-quarter calendar year period ending
January	Sept. 30, preceding year.
February	Do.
March	Do.
April	Dec. 31, preceding year.
May	Do.
June	Do.
July	Mar. 31, filing-month year
August	Do.
September	Do.
October	June 30, filing-month year.
November	Do.
December	Do.

The 4-quarter calendar year periods identified above represent the minimum requirement. However, in event a proposed fare/charge increase is filed at a time when data for a more current quarter than that specified are obtainable, the more current may be used in the base year-actual. For example, if an increase is filed in late March and data for the 4th quarter of the preceding year is obtainable then the base year-actual ending December 31, may be used in lieu of the base year-actual ending September 30.

SCHEDULE G TO SUBPART B OF PART 1139—SELECTED STATISTICAL DATA

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and Item (a)	Source (b)	1972 (c)	1973 (d)	1974 (e)	1975 (f)	1976 (g)	Cols. (h)–(i) (1977)– (1981) (h)
Operating revenues, expenses, and operating ratios:							
1 Passenger revenue	Sch. 2998, L. 1, col. (b)	.....	.....	.....	.....	.....	.....
2 Special bus revenue	Sch. 2998, L. 2, col. (b)	.....	.....	.....	.....	.....	.....
3 Express revenue	Sch. 2998, L. 5, col. (b)	.....	.....	.....	.....	.....	.....
4 Total operating revenues	Sch. 2998, L. 9, col. (b)	.....	.....	.....	.....	.....	.....
5 Total operating expenses	Sch. 2998, L. 15, col. (b).	.....	.....	.....	.....	.....	.....
6 Operating ratio	Line 5÷line 4 .....	.....	.....	.....	.....	.....	.....
Carrier operating property:							
7 Structures	Sch. 1200, L. 2, col. (c)	.....	.....	.....	.....	.....	.....
8 Revenue equipment	Sch. 1200, L. 3, col. (c)	.....	.....	.....	.....	.....	.....
9 Improvements of leasehold property.	Sch. 1200, L. 8, col. (c)	.....	.....	.....	.....	.....	.....
10 Total carrier operating property ..	Sch. 1200, L. 11, col. (c).	.....	.....	.....	.....	.....	.....
Number and cost of buses:							
11 Number of buses acquired	Sch. 1221, L. 22, col. (c).	.....	.....	.....	.....	.....	.....
12 Cost of buses acquired	Sch. 1221, L. 22, col. (d).	.....	.....	.....	.....	.....	.....
13 Number of buses retired	Sch. 1221, L. 22, col. (e).	.....	.....	.....	.....	.....	.....
14 Cost of buses retired	Sch. 1221, L. 22, col. (f)	.....	.....	.....	.....	.....	.....
15 Average age of buses ¹	Sch. 1221, L. 22, col. (i)	.....	.....	.....	.....	.....	.....

[Dollars in thousands]

() Greyhound Lines, Inc. () Trailways combined () All study carriers

Line No. and Item (a)	Source (b)	1972 (c)	1973 (d)	1974 (e)	1975 (f)	1976 (g)	Cols. (h)–(l) (1977)– (1981) (h)
Employee compensation:							
16 Total daily basis	Sch. 9002, L. 20, col. (c).						
17 Total hourly basis	Sch. 9002, L. 21, col. (c).						
Man-hours or days paid for:							
18 Total—Daily basis	Sch. 9002, L. 20, col. (e).						
19 Total—Hourly basis	Sch. 9002, L. 21, col. (e).						
Revenue bus-miles operated:							
20 Intercity service (regular route)	Sch. 9002, L. 1, col. (e)						
21 Charter, sightseeing and other special service.	Sch. 9002, L. 3, col. (e)						
22 Vehicle miles operated exclusively in baggage, mail express, and/or newspaper service.	Sch. 9002, L. 4, col. (e)						
Revenue passengers carried:							
23 Number of intercity revenue passengers carried (regular route).	Sch. 9002, L. 6, col. (b)						
24 Total number of revenue passengers carried.	Sch. 9002, L. 9, col. (b)						
Other Statistics:							
25 Number of regulator route intercity passenger miles.	Sch. 9002, L. 12, col. (b).						
26 Total passenger revenue	Sch. 9002, L. 16, col. (b).						
27 Passenger-miles per bus mile (average load).	25÷L. 20						
28 Passenger-miles per passenger carried-intercity service (average journey).	25÷L. 23						

¹ Line No. 15: The weighted average age of buses for "All Study Carriers" is computed by:

- Calculating the average age of buses for each study carrier.
- Calculating the number of buses which each study carrier has on hand at the end of the year as a percentage of the total number of buses which all study carriers as a group have on hand at the end of the year.
- Multiplying the average age for each study carrier by that carrier's percentage of total buses on hand at the end of the year.
- Summing the result of calculation (c) above for each study carrier. The summation gives the weighted average age of buses for "All Study Carriers" taken together as a group.

EXPLANATORY—SCHEDULE G

Purpose. The purpose of Schedule G is to develop selected property, labor and operational data for use in evaluating the influence and relationship of these data to the income and other financial data contained in Schedules C through F. This schedule requires data commencing with the year 1972 through 1976, and thereafter, adding each calendar year's data until a 10-year moving period is reached. A ten-year time period is useful for analyzing the industry's operations during all phases of the business cycle.

Study Carrier Groupings. Schedule G shall be prepared for each of the following:

- Greyhound Lines, Inc.
- Trailways Combined (study carriers, only).
- All Study Carriers.

Column (b). The annual report sources in this column refer to the 1976 Annual Report Form MP-1. For years prior or subsequent to 1976, use comparable sources.

Columns (c) through (g). These columns refer to successive calendar years from 1972 through 1976, each ending December 31.

Columns (h) to (l). These columns refer to successive calendar years which become applicable as the time period of record is expanded to the ultimate 10 year moving time period.

APPENDIX I TO SUBPART B OF PART 1139

Excerpt from National Bus Traffic Association's brief (pages 18–23) in I&S M-29089 increased bus passenger fares and express/rates-nationwide.

NBTA WILL UNDERTAKE THE DEVELOPMENT
OF A COST ALLOCATION SYSTEM FOR MOTOR
CARRIERS OF PASSENGERS

At the conclusion of the hearing in this proceeding, the Administrative Law Judge requested a discussion of the feasibility of NBTA undertaking the traffic and cost studies necessary to permit the separation of bus carrier expenses by types of service. As the record in this case indicates, no such studies have ever been undertaken and there is no present capability on the part of either the Board or the carriers themselves to allocate total operating expenses by types of carrier service. As the testimony of Mr. Bilz reveals, data derived from traffic studies is the source of only a few of the factors which must be developed to permit the identification of cost.¹⁸ Consequently, the development of a carefully conceived overall cost allocation system must be accomplished first, and then a determination must be made of the types and kinds of studies needed to develop the specific factors required for implementation to the system.

At its annual meeting held in Newton, Massachusetts, on September 27-28, 1976, the members of the National Bus Traffic Association considered the question of undertaking the analyses, planning, and studies leading to the development and implementation of a cost allocation system and agreed to undertake such a program. Mr. Bilz, the cost analyst retained by the Association, has been requested to work with appropriate carrier personnel and an initial meeting to outline the first steps is scheduled to be held during November of this year. In the meantime, after consultation with Mr. Bilz, we set forth the following discussion of what will be involved.

In assessing the problems and complexities involved in formulating a procedure to develop costs by types of service for the bus lines, some parallels may be drawn with the procedure which has evolved over the years for general commodity motor carriers. Cost formulas for general commodity carriers were developed by the Cost Finding Section of the Interstate Commerce Commission more than thirty years ago. These cost formulas have been modified and refined from time-to-time in order to adjust for changing operating practices and conditions, improvements in accounting technology or the need to develop costs for particular kinds of service or types of traffic. At a later point in time when the need arose in general revenue increase cases for more detailed separations of the expenses of the general commodity carriers among types of service and types of traffic, procedures were developed whereby a continuing sample of traffic data could be developed to tie in with unit costs produced

by the motor carrier cost formulas.¹⁹ Thus, the detailed separation of traffic data developed in the continuing traffic studies was designed to tie in with existing cost allocation formulas. More recently, a complete revision of the Uniform System of Accounts for general commodity motor carriers necessitated further modification of the cost formulas; however, at the same time, such revisions served to increase the amount of expenses allocated in the formulas on a direct basis and reduced the amount of expenses which could only be allocated by means of factors derived from special studies or other means.

At the present time, the bus industry has committed itself to a review of its Uniform System of Accounts, jointly with the Bureau of Accounts of the Interstate Commerce Commission, to determine the need for revising the accounts to conform more closely with generally accepted accounting principles and, most importantly, to facilitate cost finding and financial analysis. In the review and analysis of the Uniform System of Accounts, consideration should be given to possible benefits from a matrix approach in accumulating operating expenses, similar in some respects but not necessarily as detailed as the approach used in redesigning the system of accounts for general commodity carriers. The separations of expenses for bus lines need not be as detailed as those made for general commodity carriers since the needs for expense segregations are not the same. However, use of a matrix system by the bus lines to accumulate operating expenses would result in the direct assignment of various categories of expense which would otherwise be included in a common pool of expense to be allocated on the basis of the best available data. Therefore, as a necessary preliminary step toward the development of a cost allocation system for the bus lines, the Uniform System of Accounts must be examined for the purpose of identifying expenses which can be directly assigned to particular services or operations.

Basically, a cost study for the bus lines involves, first, a determination of the expenses chargeable to each of the various services provided by the carriers. These services include regular route intercity service, involving transportation of passengers, express, baggage, newspapers and mail, local service and special services including charter operations and tours. Secondly, the need for further separations within these categories must be explored. An all-out study would involve the allocation of expenses for regular route service among passengers and their baggage, express traffic and all other traffic;

¹⁹Probability sampling of general freight motor carrier traffic did not develop until some 20 years after the Board's cost formulas for truck lines.

¹⁸Tr. 183-186.

however, such detailed separations—which can only be made by means of specially-designed allocating procedures and special studies—may not be necessary, at least in the initial design of a cost allocation system for the bus lines. From the standpoint of current and potential use to be made of cost study data, it is reasonable, at this point, to design a system which will separate expenses for regular route service involving passenger and express traffic (including baggage) on the one hand, and all other services on the other. Finally, an additional separation of the expenses for regular route service between interstate and intrastate traffic is necessary.

In connection with the first step, i.e., allocation of expenses among services, although a number of the various categories of expense incurred by the bus lines may be directly allocated to various services, there are additional items of expense which are jointly incurred in connection with two or more services and can only be separated among services on the basis of appropriate allocation factors. The same problems arise in the second and third steps, to an even greater extent, in determining the extent to which expenses assigned to a particular service must be allocated among the various types of traffic handled in that service and in making the further separation between interstate and intrastate traffic. These separations should be made by means of cost allocation factors which are functionally related to the fullest extent possible to each item of expense. This calls for the development of additional allocation factors which are not presently maintained by the bus lines.

At the present time, the carriers can accurately determine from their regularly maintained accounting records the amount of revenue accruing from regular route operations, separately for passenger and express service, and from operations in connection with charter and special service. By means of established probability sampling procedures, Greyhound and Continental Trailways can further separate passenger revenue in intercity service between interstate and intrastate traffic. Other carriers are able to make the latter separation of revenue on various bases consistent with the size of their operations. It is possible that the probability sampling procedure and other bases employed by the smaller carriers may be expanded to include statistical data as well as revenue information. The bus lines currently maintain records, for the purpose of their annual reports to the Surface Transportation Board, of the number of bus miles operated separately for intercity service, local service and special services. Such data will undoubtedly come into use in allocating expenses among services. Similarly, records of the number of passengers carried in various serv-

ices, maintained by the bus lines, may be used in some of the expense allocations. However, no continuing records are maintained showing the number of passengers carried separately in interstate and intrastate commerce nor are any separations made of the number of passenger miles in each category. Such statistical separations are required regardless of the methodology followed in the cost study, that is, whether the separations of expenses between interstate and intrastate traffic are made within the framework of a cost allocation formula or whether the expenses in each category are developed on the basis of average mileage-related and non-mileage unit costs developed from a cost formula and applied to traffic service units developed for interstate and intrastate traffic, i.e., number of passengers and number of passenger miles.

As noted above, expenses for each type of traffic must be separated between those which are related to mileage operated and those which are not related to mileage. This brings in the problem of segregating the terminal activities of the carriers among services and types of traffic. Segregation of such expenses will probably require time and motion analyses, calculation of space utilization factors at various representative terminals and other special studies.

The formulation of a cost allocation system and the gathering of input data for the system will require an extensive amount of work and expense on the part of the bus lines. If the amount of time required in developing acceptable cost allocation procedures for general freight motor carriers is any indication, several years may be required before a cost system for the bus lines can be formulated, applied and tested. The bus industry recognizes that, because of its workload and limited staff, the Cost Finding Section of the Board cannot take on the task of developing a cost allocation system for the bus lines as it did in connection with general freight motor carriers; however, it is hoped that the efforts of the bus lines in this regard will receive the full support and guidance of the Board's staff so that the best possible results may be achieved in the shortest possible time.

H. G. HOMME,
Secretary.

[42 FR 32541, June 27, 1977. Redesignated at 47 FR 49571, Nov. 1, 1982 and amended at 64 FR 53268, Oct. 1, 1999]

PART 1141—PROCEDURES TO CALCULATE INTEREST RATES

AUTHORITY: 49 U.S.C. 721.